

*State Revolving Loan Fund*

*Clean Water*  
**SRF**

*South Carolina's  
Intended Use Plan  
for  
Fiscal Year 2007*

October 2006  
Final



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## **I. Introduction**

The federal Clean Water Act (CWA) amendments of 1987 authorized a Clean Water State Revolving Fund (CWSRF) to assist sponsors with the financing of publicly owned treatment facilities (Section 212) and nonpoint source management activities (Section 319). Title VI, Section 601 of the CWA authorizes the Administrator of the US Environmental Protection Agency (EPA) to award capitalization grants to states for the purpose of establishing a low-interest loan program to assist eligible CWSRF project sponsors.

The South Carolina Department of Health and Environmental Control (DHEC) is the designated state agency to apply for and administer the capitalization grant for the CWSRF. The State Budget and Control Board (BCB), Office of Local Government, conducts financial functions and makes loans to project sponsors. South Carolina's allotment of the CWSRF funds appropriated by Congress for Fiscal Year (FY) 2007 is expected to be approximately \$9,300,000.

## **II. Goals**

South Carolina has identified several short and long term goals to guide development of the CWSRF program and ensure maximum public health benefits. Effective with this IUP, the State will initiate a related discussion of "environmental outcome" goals and the means to measure them.

### **A. Short Term Goals**

1. Through outreach to potential sponsors and other incentives, work to increase the number of nonpoint source SRF projects.

### **B. Long Term Goals**

1. Continue the implementation of the CWSRF Program in perpetuity.
2. Establish and manage an effective and efficient CWSRF loan program by developing and implementing administrative rules and guidance that support the functioning of the program while ensuring compliance with the intent of the CWA.
3. Support the meeting of final effluent limits by all municipal facilities (POTWs).
4. Meet, in general, water quality standards of all water bodies in the State.
5. Ensure that the CWSRF generates sufficient earnings such that the fund principal is not adversely affected by inflation.

### **C. Environmental Outcomes and Measures**

In authorizing the Clean Water Act and its amendments, Congress found that safe and clean water is essential to the protection of public health. DHEC is participating in EPA's Clean Water SRF Benefits Analysis.

### III. Project Selection

#### A. Priority Ranking System

The CWA requires that states develop a list of potential projects to be funded from the CWSRF and rank them in priority order. When the CWSRF was first created, the primary focus was the funding of “treatment works” projects. As a result, the ranking system by which South Carolina prioritized and selected construction projects focused on municipal wastewater collection and treatment systems.

In 1996, a joint state/EPA workgroup issued a policy document entitled *The Clean Water State Revolving Fund Funding Framework: Funding to Solve Our Nation's Water Quality Problems*. The *Funding Framework* encourages all states to integrate their planning and priority setting systems, and recommends two alternatives for doing so: a goals approach, or an integrated ranking system. South Carolina chose the latter approach.

DHEC's system for ranking potential CWSRF projects is designed to equally evaluate municipal wastewater and nonpoint source projects according to priorities established by South Carolina to improve water quality. The ranking system is outlined in DHEC's document entitled *CWSRF Integrated Priority Ranking System for Wastewater and Nonpoint Source Projects* [IPRS]. This document may be found on DHEC's web site at [www.scdhec.gov/water/html/srf.html](http://www.scdhec.gov/water/html/srf.html).

#### B. Comprehensive Priority List of CWSRF Projects

Using the IPRS, DHEC developed a comprehensive priority list of CWSRF projects that is also located at the above listed web site. This comprehensive priority list is based on the revised ranking system mentioned above. An eligible project may be added to the list at any time by completing a project questionnaire (can be found on DHEC's website at <http://www.scdhec.net/water/forms/d-3561.pdf>.) and by forwarding it to DHEC's SRF Section for review. For more information on how an eligible project sponsor may add a project to the list, please refer to the IPRS document and the preamble to the *Priority List of CWSRF Projects*.

**Note:** To be considered for funding, a project must appear on the *Priority List of CWSRF Projects*.

#### C. Selecting Projects for Funding

The selection of projects for funding will be based on the projects' ranking and the sponsors' readiness to proceed at the time the IUP is drafted. A project will be considered ready to proceed if the sponsor expects, by April 1, to have received a construction permit from the SRF Section and to have submitted a complete SRF loan application to the BCB; the sponsor of any project must submit a complete loan application by April 1 to insure its funding priority. After April 1, loan applications will be accepted on a first-come, first-served basis until the available funds are exhausted or until July 31, whichever occurs first. In the event

the BCB receives complete applications for two or more projects on the same day, the highest-ranked project(s) will receive priority for funding. For large projects, DHEC and BCB reserve the right to impose a limit on the amount of any given CWSRF loan, regardless of ranking, and to consider a sponsor's ability to obtain financing from other sources.

Attachment A lists the projects on the current priority list to be funded from the FY 2007 capitalization grant.

#### **D. Addition of New Projects**

The projects in Attachment A are listed based on readiness to proceed and other factors. *The listing in Attachment A does not preclude the opportunity for other projects to receive funding in FY 2007.* All prospective project sponsors with sewer facility needs are encouraged to contact the Department as soon as possible to add their projects to the priority list and be considered for funding in FY 2007 or next year.

### **IV. Eligibility Criteria**

#### **A. Project Sponsors**

An eligible CWSRF project sponsor means a county, municipality, special purpose district, commissioners of public works, or any other public agency of the state which may own or operate a project, and includes any combination of two or more of these entities acting jointly to construct, own or operate a project.

#### **B. Water Quality Management (WQM) Plans**

Pursuant to Section 208 of the Clean Water Act, all CWSRF projects must conform to the applicable WQM plan. In general, CWSRF project sponsors must have the status of designated WQM management agencies. In certain cases, the WQM management agency-designation process may be pursued concurrently with the CWSRF project.

#### **C. Land**

Land is eligible for a CWSRF project only if it is an integral part of the wastewater treatment process, as, for example, in a land application project. Land required merely for *sites* for treatment works and pump stations, rights-of-way, easements, etc., is not eligible. In the CWSRF program, land may be acquired under proper eminent domain procedures, where necessary.

#### **D. Planning and Design Costs**

A CWSRF loan may include the costs of project planning and services incurred prior to construction (e.g. costs associated with preparing the PER, plans and specifications, advertising, pre-bid conference, bidding procedures, pre-construction conference, loan application, administration). Only those costs for which there is clear documentation of expenses incurred solely for the proposed project and are dated no earlier than 36 months prior to the date of a complete loan application to the BCB, are eligible for funding under the CWSRF program.

#### **E. Legal and appraisal fees**

In general, legal and appraisal costs associated with obtaining land (rights-of-way and easements), and attorney fees associated with the SRF loan application and loan closing process are eligible. Legal and appraisal costs associated with obtaining land are **not** eligible for funding under the CWSRF program if incurred earlier than one year prior to the date of submission of a complete loan application package.

#### **F. Construction costs**

Construction costs include the estimated costs associated with the construction of the project by a contractor. The CWSRF may provide assistance for the costs associated with engineering services during construction, such as inspections, change orders, overview of contractors, shop drawings, record drawings, concrete or soil testing, pay estimates, and draw requests.

Equipment that is directly purchased by the sponsor, such as pumps, generators, etc., is eligible. Materials, such as pipe, valves, brick mortar, etc., that are directly purchased by the sponsor are eligible. The materials may be installed either by a contractor or by the sponsor using its own employees and equipment: Eligibility is limited to the **costs** of materials. The costs of supplies such as fuel, oil and tools used by the sponsor to install the materials are not eligible for funding under the Clean Water SRF program. Additionally, force account labor is not eligible.

#### **G. Contingency**

The SRF program allows a contingency of 2.5% with a cap at \$100,000 for materials that are directly purchased by the sponsor

The SRF program allows a contingency for construction of 5% with a cap of \$500,000.

There is no contingency allowed on equipment; therefore, it is recommended the engineer obtain current price quotes in estimating the equipment costs.

#### **H. Phasing of a CWSRF Project**

To make construction and/or funding more manageable a project may be divided, at the option of the sponsor, into separately-funded phases or segments. However, to be CWSRF-eligible, any such phase or segment must be of reasonable scope and, when constructed, must have the capability of being placed into immediate full operation, i.e., without its full operation being dependent on a subsequent project phase or segment or other outside operation yet to be completed. After a given project phase is funded, subsequent phases must stand separately in competing with other projects for priority list ranking in later fiscal years.

#### **I. Projects Not Eligible for Funding**

The CWSRF will not provide funding assistance for the following projects and activities:

1. Refinancing of any existing debt;
2. Projects for systems that lack adequate technical, managerial and financial capability;
3. Projects exclusively correcting operation and maintenance deficiencies;
4. Projects for systems in NPDES noncompliance, unless funding will ensure compliance;
5. Projects that are not placed into active operation within a reasonable period of time (not to exceed one year from the date construction is completed).

## **V. Public Participation**

A "Notice of Availability" of the draft IUP was mailed to each project sponsor on the comprehensive priority list and other interested parties. In addition, a notice of availability was published in *The State*, *The Greenville News*, *The Post and Courier*, and the *Sun News* (daily newspapers) on Sunday, September 3, 2006. Also, during the public notice period, the notice and draft document were posted to DHEC's Internet Web site, [www.scdhec.gov/water/html/srf.html](http://www.scdhec.gov/water/html/srf.html). Interested parties were invited to review and submit written comments on the draft IUP by October 3, 2006; no comments were received.

## **VI. Distribution of Funds**

### **A. Amount of Capitalization Grant for FY 2007**

The amount of the CWSRF capitalization grant expected for FY 2007 will be approximately \$9,300,000.

### **B. State 20% Match Requirement**

One condition of receiving the allotment is that the state must deposit in the CWSRF an amount equal to at least 20% of the total amount of the capitalization grant. South Carolina will match the required amount of approximately \$1,860,000 through cash deposits.

### **C. Administration of the CWSRF Program**

The CWA allows states to use a portion of the capitalization grant for the purpose of administering the program. DHEC plans to use up to 4%, or approximately \$372,000, for program management, including hiring staff, paying operational expenses and providing technical assistance to potential loan applicants.

### **D. Total Funds Available for Loans for FY 2007**

Balance of funds available as of July 31, 2006	\$50,041,478
FY 2007 capitalization grant less 4% for administration (estimated)	8,928,000
FY 2007 state matching funds (estimated)	1,860,000
Estimated repayments for FY 2007	27,101,218
Estimated earnings for FY 2007	<u>4,675,000</u>
<b>Total Funds Available</b>	<b>\$92,605,696</b>

### **E. Interest Rates**

Interest rates are established by the Budget & Control Board prior to September 30th of each year. For detailed information on current SRF interest rates, visit the BCB web site at



*<http://www.olg.sc.gov/interest-rates.htm>, or go to the DHEC SRF web site and click on "New Low Interest Rates".*

**Attachment A**

**SOUTH CAROLINA  
FISCAL YEAR 2007 LIST OF  
SELECTED PROJECTS FOR FUNDING**

**SOUTH CAROLINA CWSRF IUP**  
**Fiscal Year 2007 List of Selected Projects for Funding**

	Sponsor/ Project Name	DHEC Project Number	SRF Loan Amount Estimate	PROJECT DESCRIPTION	Total Points	Is the sponsor ready to proceed with the project? (yes/no)
1	<b>James Island PSD</b> Lighthouse Point, Phase II Sewer Line	543-01	\$3,000,000	Installation of approximately 21,000 LF of sewer line and force mains and three pump stations	75	Yes
2	<b>Moncks Corner PWC</b> Wastewater Treatment Plant Expansion	584-01	\$2,000,000	Increase Moncks Corner WWTP from 1.6 MGD to 3.2 MGD.	75	Yes
3	<b>City of Georgetown</b> Hwy. 17 Drainage Improvements	412-12	\$3,000,000	Drainage area improvements for an approximate 200-Acre drainage basin	65	Yes
4	<b>Oconee County Sewer Commission</b> Septage and Grease Receiving Facility	366-17	\$750,000	Design and installation of a septage and grease processing facility of the Coneross Creek WWTP	65	No
5	<b>Oconee County Sewer Commission</b> Richland Creek & Bountyland Sewer	366-18	\$4,267,000	Construction of a gravity sewer system for the Richland Creek Basin, including lines, manholes and easements. Elimination of 5 existing pump stations.	65	No
6	<b>Oconee County Sewer Commission</b> Martin Creek Relief Pump Station <b>0033553</b>	366-16	\$3,547,000	Construction of a new Martins Creek Relief Pump Station (.8 - 1.1 MGD) and force main. Also parallel gravity sewer for Lower Martins Creek and Upper Perkins Creek Basins.	55	Yes
7	<b>City of Lancaster</b> Aeration pond conversion to equalization basin	497-12	\$6,600,000	Upgrade/Expansion of WWTP and Upgrade of WW pump stations	55	Yes
8	<b>BJWSA</b> Consolidation of Marine Corp Airbases and Parris Island Sewer	520-20	\$12,200,000	<b>Marine Corp Airbase</b> - 6 MGD pump station; .5 MG equalization tank; 24,400 LF 10"-12"-18" force mains; demolition MCA's WWTP. <b>Parris Island</b> - 2.5 MGD pump station; 2.5 MG equalization tank; 49,170 LF 16" force main; demolition PI WWTP	45	No
9	<b>Kershaw County</b> Lugoff WWTP Expansion and Upgrade	587-01	\$5,000,000	Renovation of the existing .72 MGD with a 2.0 SBR to provide WW to areas throughout Kershaw County	25	Yes
10	<b>Pickens Co. PSC</b> Liberty-Cramer WWTP Closure <b>SC0026166</b>	592-15	\$859,000	Elimination of the Cramer WWTP and discharge to Golden Creek. Construction will include a pump station and 2.5 miles of 8" force main.	15	Yes
11	<b>Greer CPW</b> Maple Creek WWTP Expansion	463-11	\$15,893,000	Upgrade and expansion of Maple Creek WWTP from 4.5 MGD to 7.5 MGD to include new headworks, influent pump station, equalization, SBR's, digester, new power system and SCADA system.	15	Yes
12	<b>City of Walterboro</b> Pump Station Upgrades	441-05	\$222,255	Upgrade of 2 pump stations, associated electrical equipment, emergency generators and larger force mains	0	Yes
13	<b>Grand Strand WSA</b> Myrtle Beach WWTP Expansion/Upgrade	381-66	\$20,000,000	Addition of 5 MGD oxidation ditch, clarifier, effluent pumping, sludge handling, lagoon management and headworks rehab.	0	Yes
<b>TOTAL</b>			<b>\$77,338,255</b>			